



Natural Resources Conservation Service
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November 30, 2007

PENNSYLVANIA BULLETIN NO. PA180-8-1

**SUBJECT: CPA – Servicing Resource Enhancement and Protection Program (REAP)
Requests for Verification of Conservation Plan status**

Purpose. To provide guidance to field employees on procedures to be used in servicing requests from Conservation Districts or producers on verification of conservation plan status.

Expiration Date. September 30, 2008

Background: Pennsylvania Act 55 of 2007 created REAP allowing farmers and businesses to earn tax credits in exchange for Best Management Practices (BMPs) on agricultural operations that will enhance farm production and protect natural resources. The State Conservation Commission administers the program and the Pennsylvania Department of Revenue will grant the tax credits.

Any farmer who is subject to taxation by the Commonwealth of Pennsylvania is eligible to participate in REAP. Agricultural operations participating in REAP must have a current conservation plan, including agricultural erosion and sedimentation control plan (Ag E&S plan) and a nutrient management plan, if required. The cost of developing and implementing these plans may be included in the application to qualify for the tax credit.

Agricultural operations with animal concentration areas must have implemented BMPs to abate storm water runoff, loss of sediment and nutrients, and runoff of other pollutants from the animal concentration area, or the implementation of these BMPs must be included in the application for a tax credit. An agricultural operation with uncompleted BMPs required in an Ag E&S plan, conservation and/or a nutrient management plan must include the remaining BMPs in these plans in the application for a tax credit.

Additional guidance on the REAP program including the description of current plans can be found at the Department of Agriculture website at: www.agriculture.state.pa.us/REAP.

It is anticipated that Conservation Districts will assist producers in reviewing the program requirements, especially the need to have a current conservation plan, as described above. It is also anticipated that producers will visit NRCS offices to get information about the program and talk to NRCS staff about the status of NRCS assisted conservation plans. Producers have been encouraged in program materials to visit the County Conservation District, or NRCS offices, or qualified technical service providers to evaluate the status of their existing conservation plans. In addition, program materials encourage producers to contact engineering firms or technical



service providers, in addition to the County Conservation District or NRCS staff, to discuss pending conservation plans or projects.

Direction: NRCS staff will likely receive requests for conservation plan verification from producers or cooperating agency staff and to determine if there is a current plan in place for the operation. Applications will be available for REAP beginning about December 3, 2007 and completed applications will begin being accepted by the Commission on January 2, 2008.

The assistance that NRCS provides to Districts in servicing REAP requests is much like other types of technical assistance and support that NRCS provides to District activities. NRCS staff can recommend to Districts that a REAP applicant has a current conservation plan based on their personal knowledge of operation and past technical assistance provided to the client. However, if NRCS has not worked with the applicant in the recent past or has not worked with them at all, NRCS staff shall not recommend the applicant's plan be considered current nor should NRCS make an attempt to verify the plan's adequacy during the current REAP sign up period. The applicant should be encouraged to apply for conservation plan development assistance through REAP if neither NRCS nor the District can determine the adequacy of the plan within the current time constraints of the signup period.

NRCS staff verification of a client's conservation plan status may be either written or verbal. NRCS employees may use the attached PA NRCS Con Plan Verify Form 07_01 to indicate the status of a client's conservation plan according to the described REAP criteria. When this form is used, document the recommendation by either placing a copy of this form in the client's case file or document in conservation assistance notes. If no case file exists for the client, file in a separate file folder. When communication to District personnel on the existence of the plan is verbal, the recommendation should be documented in conservation assistance notes. In the absence of Conservation District assistance, REAP applicants are to attach the NRCS verification form to their application to send to the Commission.

NRCS employees should not sign the actual REAP application form verifying the currency of plans or the adequacy of requested practices or equipment for REAP or the status of plan implementation. NRCS District Conservationists are urged to work with Conservation District Managers and staff to reach agreement on local procedures for servicing REAP application requests. NRCS staffs are also encouraged to refer to the Environmental Effects worksheet held in the case file for the applicable farm(s).

Action. NRCS supervisors are to ensure immediately that employees providing conservation planning assistance understand the NRCS guidance for servicing REAP requests for verification of producers conservation plans in Pennsylvania.

/s/ Craig R. Derickson

CRAIG R. DERICKSON
State Conservationist

DIST: AO

CONSERVATION PLAN VERIFICATION

To: [Farmer preparing application for REAP] _____

CC: [Conservation District Manager] _____

From: USDA NRCS District Conservationist _____

Date: _____

RE: Conservation plan status of [Farmer & Farm ID]

Producer or Agricultural Operation Name

Name _____

Address _____

City _____

State _____

Zip _____

Phone _____

email _____

List all farm tract numbers needed for REAP application.

Farm Name (optional)	Tract Number	Comments

- ☐ NRCS has a current conservation plan in place for this applicant that adequately addresses the REAP soil erosion, sedimentation and Nutrient Management (590) or CNMP, if required.
- ☐ NRCS has not worked with the applicant recently. There are uncertainties that the plan is current at this time or the plan's current status. NRCS recommends the applicant sign up for plan development in the coming year.
- ☐ NRCS has no record of working with the applicant. NRCS recommends the applicant sign up for plan development in the coming year.

**attach additional pages or notes if needed.*_____
NRCS Designated Conservationist_____
Date



10 Things Every PA Farmer Should Know About REAP

PA's Resource Enhancement & Protection Tax Credit Program

- 1. Applications Available December 3, 2007!** Applications and guidelines will be available through The State Conservation Commission (SCC) on December 3rd, and will be accepted on a first-come, first-served basis beginning January 2, 2008. Applications will be accepted until the \$10 million program cap for fiscal year 2007-2008 has been committed to eligible projects. Forms will be available at www.agriculture.state.pa.us/reap or contact the SCC at 717-787-8821.
- 2. REAP Provides A Dollar for Dollar Reduction** in PA income or corporate tax. Farmers can earn these tax credits after completing eligible projects or purchasing eligible equipment on or after October 23, 2007.
- 3. Use or Sell:** Farmers can use REAP credits to offset state taxes (for 2008 taxes or later) for up to fifteen years. Alternatively, after one year, farmers can sell tax credits to another taxpayer, typically at about a 10% discount. Brokers can help arrange sales. **However**, please note that the original recipient must first use the credit to offset tax obligations for the year in which the tax credit is awarded. The balance may then be sold to a second party.
- 4. Farmers Throughout Pennsylvania** are eligible to apply. A current conservation plan that meets state erosion control regulations is required. Concentrated animal operations must additionally have a nutrient management plan. If neither is yet completed, REAP enables farmers to recover 75% of the cost to develop these plans. **Businesses that sponsor eligible farm projects can earn REAP tax credits as well.**
- 5. Improving Animal Concentration Areas:** An "animal concentration area," or ACA, is an outdoor area on a farm where livestock congregate. To be eligible for REAP, an agricultural operation must control runoff from these areas, or the implementation of ACA improvements must be included in the application for a tax credit.
- 6. \$150,000 Per Farm:** Each eligible farm may receive up to \$150,000 in credits. This is a lifetime limit that may be used all at once, or for multiple projects. Sole proprietorships, partnerships and corporations are eligible.
- 7. REAP Works With Other Programs:** A farmer who receives government funds for conservation projects may be able to earn tax credits for a portion of project costs covered by the farmer.
- 8. Eligible Practices:** Farmers can earn tax credits worth 50-75% of total project costs. The tax credit is awarded *after* the project is completed or equipment is purchased. Eligible practices include: development of conservation and nutrient management plans, barnyard improvements, intensive grazing systems, manure handling and storage systems, alternative uses of manure, new and used no-till planting equipment, cropland conservation practices, and other practices.
- 9. Plan Ahead:** Farmers should visit their local County Conservation District, Natural Resource and Conservation Service (NRCS) office, or qualified technical service provider to evaluate the status of their conservation plan and if applicable, nutrient management plan. They should also discuss the program with their tax advisor.
- 10. Get More Details:** Visit the Chesapeake Bay Foundation website at www.cbf.org/reap, email us at REAP@cbf.org, or call our office at 717-234-5550. The Commission also has information at www.agriculture.state.pa.us/reap or by calling 717-787-8821.